

Loxam Denmark Holding A/S

Svejsegangen 5
2690 Karlslunde

CVR no. 30 70 52 97

Annual report 2016

The annual report was presented and approved at the
Company's annual general meeting

on 15 May 2017



chairman of the annual general meeting

Loxam Denmark Holding A/S
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Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	6
Company details	6
Operating review	7
Financial statements 1 January – 31 December	8
Income statement	8
Balance sheet	9
Statement of changes in equity	11
Notes	12

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Loxam Denmark Holding A/S for the financial year 1 January – 31 December 2016.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's activities for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.



Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Karlslunde, 15 May 2017
Executive Board:


Gérard George Depez

Board of Directors:


Stéphane Jean Henon
Chairman
Gérard George Depez
Jean-Paul Dubois



Independent auditor's report

To the shareholders of Loxam Denmark Holding A/S

Conclusion

We have audited the financial statements of Loxam Denmark Holding A/S for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 in accordance with the rules of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standard on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.



Independent auditor's report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

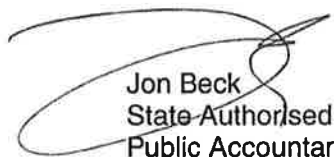
Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 15 May 2017

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 30 70 52 97



Jon Beck
State Authorised
Public Accountant



Joakim Juul Larsen
State Authorised
Public Accountant

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Management's review

Company details

Loxam Denmark Holding A/S
Svejsegangen 5
2690 Karlslunde

Telephone: +45 46155600
Website: www.loxam.dk

CVR no.: 30 70 52 97
Established: 4 July 2007
Registered office: Greve
Financial year: 1 January – 31 December

Board of Directors

Stéphane Jean Henon
Gérard George Deprez
Jean-Paul Dubois

Executive Board

Gérard George Deprez

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark

Annual general meeting

The annual general meeting will be held on 15 May 2017.

Management's review

Operating review

Principal activities

Loxam Denmark Holding A/S is the holding company for the Danish activities of the Loxam Group.

Valuation of shares in subsidiary

The shares in the subsidiary are valued at cost. Management has prepared an impairment test at 31 December 2016 based on the discounted value of expected future cash flows in Loxam A/S.

Based in the impairment test for 2016, the shares in the subsidiary was written down by DKK 108.7 million.

If the expected revenue growth in Loxam A/S does not materialise, there is a risk that the investment in the subsidiary will be further impaired.

It is the opinion of Management that the valuation of Loxam A/S is fair and based on reasonable assumptions.

Financial resources

The Company's investments are financed by loans from the parent company.

Loxam S.A.S. will not demand repayment of the loans granted until Loxam Denmark Holding A/S has sufficient liquidity to repay the balance, or part thereof, without this being detrimental to its ability to meet its other financial obligations.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2016	2015
Other operating costs	2	-26	-44
Operating loss		-26	-44
Financial income	3	7,258	11,318
Financial expenses	4	-31,183	-40,017
Income from investment in subsidiary		0	24,000
Impairment of investment in susidiary		-108,700	0
Loss before tax		-132,651	-4,743
Tax on loss for the year	5	2,679	-84
Loss for the year		-129,972	-4,827
Proposed distribution of loss			
Retained earnings		-129,972	-4,827
		-129,972	-4,827

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
ASSETS			
Non-current assets			
Investments			
Investments in subsidiary	6	843,696	952,396
Total non-current assets		<u>843,696</u>	<u>952,396</u>
Current assets			
Receivables			
Joint taxation contribution receivable		2,166	0
Loans to subsidiary		159,034	243,626
Receivable tax income		1,347	315
Deferred tax asset		2,694	2,180
		<u>165,241</u>	<u>246,121</u>
Cash at bank and in hand		<u>27</u>	<u>30</u>
Total current assets		<u>165,268</u>	<u>246,151</u>
TOTAL ASSETS		<u>1,008,964</u>	<u>1,198,547</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
EQUITY AND LIABILITIES			
Equity	7		
Share capital		31,000	30,450
Retained earnings		75,414	131,577
Total equity		<u>106,414</u>	<u>162,027</u>
Long-term liabilities other than provisions	8		
Loans from parent company		400,000	400,000
		<u>400,000</u>	<u>400,000</u>
Current liabilities other than provisions			
Loans from parent company	8	502,478	635,157
Joint taxation payable		0	1,291
Other payables		72	72
		<u>502,550</u>	<u>636,520</u>
Total liabilities other than provisions		<u>902,550</u>	<u>1,036,520</u>
TOTAL EQUITY AND LIABILITIES		<u>1,008,964</u>	<u>1,198,547</u>
Contractual obligations, contingencies, etc.	9		
Related party disclosures	10		

Loxam Denmark Holding A/S
Annual report 2016
CVR no. 30 70 52 97

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2016	30,450	131,577	162,027
Capital increase	550	73,809	74,359
Transferred; see distribution of loss	-	-129,972	-129,972
Equity at 31 December 2016	31,000	75,414	106,414

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Loxam Denmark Holding A/S for 2016 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in of specific provisions for reporting class C.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

Consolidated annual report

The annual report of Loxam Denmark Holding A/S is a part of Loxam S.A.S. Pursuant to section 112 of the Danish Financial Statements Act, consolidated financial statements for Loxam Holding A/S have not been prepared. The consolidated financial statements for Loxam S.A.S, which include Loxam Denmark Holding A/S and its subsidiaries, are filed with these financial statements.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividends from equity investments in group entities and associates measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

In case of indication of impairment, an impairment test is conducted. Indication of impairment exists if distributed dividend exceeds profit for the year or if the carrying amount of equity investments exceeds the consolidated carrying amounts of the net assets in the subsidiary.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Investments

Equity investments in group entities and associates are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value.

Other receivables and deposits are recognised at amortised cost.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Equity

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as separate item under equity

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities

measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at net realisable value.

2 Other operating cost

There are no employees in the Company, and no fees have been paid to the Board of Directors or Executive Board.

Financial statements 1 January – 31 December

Notes

	2016	2015
DKK'000		
3 Financial income		
Interest income from group companies	7,258	11,318
	<u>7,258</u>	<u>11,318</u>
4 Financial expenses		
Interest expense to parent company	31,167	39,891
Other financial expenses	16	126
	<u>31,183</u>	<u>40,017</u>
5 Tax on loss for the year		
Joint taxation contribution for the year	2,106	0
Adjustment related to previous year	0	2,264
Adjustment of deferred tax	573	-2,180
	<u>2,679</u>	<u>84</u>
6 Investments in subsidiaries		
Cost at 1 January	1,378,008	1,378,008
Cost at 31 December	1,378,008	1,378,008
Write-down at 1 January	-112,500	-112,500
Write-down for the year	-108,700	0
Write-down at 31 December	-221,200	-112,500
Dividend at 1 January	-313,112	-313,112
Dividend at 31 December	-313,112	-313,112
Carrying amount at 31 December	<u>843,696</u>	<u>952,396</u>

Subsidiary	Owner- ship interest	Equity	Profit
		DKK'000	DKK'000
Loxam A/S, Karlslunde, Denmark	100%	30,850	18,106

Financial statements 1 January – 31 December

Notes

7 Share capital

The share capital comprises 310,000 shares of DKK 100 each.

DKK'000	2016	2015
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8 Loans for parent company

The loans fall due as follows:

0-1 year	502,478	635,157
1-5 year	0	0
> 5 year	400,000	400,000
	<u>902,478</u>	<u>1,035,157</u>

Loxam S.A.S. will not demand repayment of the loans granted until Loxam Denmark Holding A/S has sufficient liquidity to repay the balance, or part thereof, without this being detrimental to its ability to meet its other financial obligations.

9 Contractual liabilities, contingencies, etc.

Contingent liabilities

The parent company is jointly taxed with Loxam A/S. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes.

Any subsequent corrections of the taxable income subject to joint taxation may entail that the companies' liability will increase. The Group as a whole is not liable to others.

Loxam Denmark Holding A/S is involved in tax litigations which may result in increased tax expenses for 2016 and prior years.

The Company has issued a letter of subordination to a creditor of its subsidiary Loxam A/S' regarding its receivable from the subsidiary. At the balance sheet date, the receivable amounts to DKK 159 million.

Financial statements 1 January – 31 December

Notes

10 Related party disclosures

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the voting rights or minimum 5% of the share capital:

— Loxam S.A.S., 256 Rue Nicolas Coatanlem, 56850 Caudan, France.

The ultimate owner of the Company is:

— Loxam S.A.S., France.

The Company's annual report is included in the consolidated financial statements of Loxam S.A.S.

Related party transactions

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c(7) of the Danish Financial Statements Act.